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**FISCAL IMPACT STATEMENT**

**LS 6519**

**BILL NUMBER:** HB 1824

**NOTE PREPARED:** Feb 19, 2007

**BILL AMENDED:** Feb 19, 2007

**SUBJECT:** Energy Company Regulation.

**FIRST AUTHOR:** Rep. Pelath

**FIRST SPONSOR:**

**BILL STATUS:** CR Adopted - 1<sup>st</sup> House

**FUNDS AFFECTED:**    **GENERAL**  
                          **X DEDICATED**  
                          **FEDERAL**

**IMPACT:** State

**Summary of Legislation:** (Amended) This bill provides that a merger, a consolidation, a reorganization, a union, or certain stock transactions involving an energy company may not occur without the approval of the Utility Regulatory Commission (IURC) if the transaction will cause at least 50% of the company's voting stock to be held by different interests. The bill also requires the IURC to approve the transaction if the IURC determines that the transaction will result in a new entity with the technical, financial, and managerial capacity to provide adequate and reliable service. The bill requires the IURC to study the feasibility of establishing a regional public power authority to: (1) acquire the assets of an electric utility providing retail electric service on April 1, 2007, in specified counties in Indiana; (2) own and operate the assets acquired; and (3) act as a nonprofit utility to provide retail electric service to customers within the participating units. The bill also requires the Commission to report its findings not later than December 31, 2007, to: (1) the Regulatory Flexibility Committee; (2) the Legislative Council; (3) the Northwestern Indiana Regional Planning Commission; and (4) the county executive of each county in the electric utility's service area on April 1, 2007. This bill authorizes the Regulatory Flexibility Committee to recommend any legislation necessary to establish a regional public power authority in Indiana.

**Effective Date:** July 1, 2007.

**Explanation of State Expenditures:** (Revised) This bill will cause an indeterminable increase in administrative costs of the IURC. The bill requires the IURC to approve mergers, consolidations, reorganizations, unions, and/or stock transactions involving energy companies where 50% of the voting stock is changing hands. The IURC must find that the entity in existence after any of these reorganizations is able to provide adequate and reliable service in order to approve the transaction. The bill also requires the IURC to study the feasibility of establishing a regional public power authority. The bill requires this study to then

be reported to: (1) the Regulatory Flexibility Committee; (2) the Legislative Council; (3) the Northwestern Indiana Regional Planning Commission; and (4) the county executive of each county in the electric utility's service area on April 1, 2007.

*Background on IURC Funding:* The operating budgets of the IURC and OUCC are funded by regulated utilities operating in Indiana. The IURC determines the rate at which to bill the utilities based on the two agencies' budgets, less reversions, divided by the total amount of gross intra-state operating revenue received by the regulated utilities for the previous fiscal year. Based on this formula, utilities are currently billed approximately 0.15% of their gross intra-state operating revenues to fund the IURC and OUCC. In FY 2006, fees from the utilities and fines generated approximately \$11.8 M.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Utility Regulatory Commission; Regulatory Flexibility Committee; Legislative Council; Northwestern Indiana Regional Planning Commission.

**Local Agencies Affected:** County executive.

**Information Sources:**

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